

SECRET NOFORN
Central Intelligence Agency



Washington, D.C. 20505

Executive Registry	
85-	1180

10 APR 1985

Mr. Robert Strand
Acting Director, INR, PMA
Department of State
Washington, D.C. 20520

Dear Mr. Strand:

The enclosed memorandum is in response to your letter of 25 March 1985 which requested a study on the probability of Iraqi diversion of sensitive US reports. I understand that Deputy Assistant Secretary James A. Placke plans to use the information to help formulate a policy on several pending export license cases. A draft of this study was provided to your office on 4 April. (S NF)

Sincerely,



25X1

Director
Scientific and Weapons Research

Enclosure
As stated

DOI

25X1

SECRET

[redacted]
Central Intelligence Agency



Washington, D.C. 20505

25X1

DIRECTORATE OF INTELLIGENCE

8 April 1985

IRAQ: THE TECHNOLOGY TRANSFER ISSUE [redacted]

25X1

Summary

Although the data is limited, we have no evidence that Iraq has passed controlled Western dual-use equipment to the Soviets or has misdirected equipment to non-authorized domestic users. The Soviets either already have acquired or can get the equipment involved in the pending cases without using Iraq as a source. For their part, if the Iraqis do not get this equipment from the US, they almost certainly will be able to buy similar equipment from a number of Western suppliers.

[redacted]

25X1

This memorandum was prepared in response to questions by the Acting Director of INR/PMA for Deputy Assistant Secretary James A. Placke. It was prepared by [redacted] of the Technology Transfer Assessment Center, Office of Scientific Weapons and Research and coordinated with the Office of Near Eastern and South Asian Analysis. Comments and inquiries are welcome and may be addressed to the Chief, Technology Transfer Assessment Center, OSWR [redacted]

25X1

25X1

SW M 85-10055 25X1

25X1

25X1

25X1

Iraq: Technology Base

We have little information on technology transfer concerning Iraq. []

25X1

25X1

[] we also believe that Iraq's high technology base is limited and therefore has not been a Soviet target for high technology acquisitions. Iraq only became seriously interested in enhancing its technology base in the mid 1970s when it began receiving increased revenues from higher oil prices. Indeed, the items presently under review--if approved--would be among the most advanced US equipment sold to Iraq thus far. []

25X1

Selected Cases Under Review

1. Vax 11/780 computer with FPS100 Floating Point Array Processors
2. Sperry 1100/72 computer
3. Honeywell DPS8/49 computer
4. One 300 Megahertz Oscilloscope []

25X1

Iraq hopes to upgrade its technology through joint ventures or outright ownership of new production facilities and--similar to the Soviet philosophy--fears being dependent on foreign sources for critical products. According to the US Embassy in Baghdad, Iraq has plans for a plant to assemble micro-computers and wants to install advanced data processing and communications systems throughout the country. []

25X1

As best we can tell, the Iraqis have legitimate needs for the high technology equipment they have ordered from the United States, particularly for seismological exploration and scientific research. Reflecting their oil reserves, they have a well developed energy exploration sector. For more than a decade, Iraq has placed considerable emphasis on education, and its engineers and architects have acquired good regional reputations. For example, Iraq has established the Council for Scientific Research and the Space Research Centers to conduct basic research at all Iraqi universities and colleges. []

25X1

Evidence of Diversion to the Warsaw Pact

[] we believe that Iraq has not passed controlled Western dual-use technology or equipment to the Warsaw Pact, Cuba or China. We also are unaware of any Soviet scientific and technical collection activities targetting Western technology in Iraq. We believe Iraq tries to protect Western and Warsaw Pact military equipment from falling into unauthorized hands and would protect controlled equipment and technology if asked to do so. []

25X1

25X1

25X1

25X1

Evidence of Internal Diversion

We are unable to cite any examples where Iraq purchased a controlled piece of equipment for one facility in Iraq and then transferred it for use in another facility without the knowledge or permission of the seller.

25X1

25X1

25X1

We believe, however, that the Iraqi Atomic Energy Commission has little incentive to divert equipment purchased under false pretenses or to attempt elaborate black or grey market procurement schemes for such equipment. Iraq is a party to the Nuclear Non Proliferation Treaty and will have little difficulty in filling its equipment needs openly through Western Europe or Japanese sources. Iraq is not currently engaged in nuclear weapons development, although President Saddam Husayn, responding to Israel's attack on Iraq's nuclear reactor in 1981, said the world should help the Arabs acquire nuclear weapons to counter similar Israeli bombs. We believe that Iraq is at least ten years away from acquiring the capability to produce enough fissile material for a nuclear device. The relatively underdeveloped state of the Iraqi nuclear program gives Baghdad little incentive to divert computers to nuclear weapons design work.

25X1

Potential for Diversions

Despite Iraq's seemingly clean record to date on diversions to the Soviets, we cannot rule out the possibility in the future, particularly as the level of high technology available in Iraq increases. The USSR, Iraq's principal arms supplier, might offer military equipment previously denied Baghdad to obtain technology. Baghdad may be even more agreeable if the Soviets sought reproducible software or manuals, which could not easily be traced to Iraq.

25X1

The Soviets do not necessarily need Iraq to gain access to the US equipment being considered.

- . The Soviets already have at least six illegally acquired VAX 11/780 computers.

25X1

- . The Soviets have focused their acquisition efforts on acquiring IBM and DEC equipment.
- . The HP85B desk top calculator in all probability could be acquired legally from the US.

The large Soviet presence, however, gives Moscow the opportunity for collection. Although the Iraqi security apparatus--one of the most effective in the Arab world--closely monitors the activities of the 1,200 Soviet military personnel in Iraq, it is unlikely that they closely monitor Communist civilians (including 5,200 Soviets, 10,000 East Europeans, 12,000 Chinese and 400 Cubans who are engaged in a wide range of economic and educational activities) throughout the country.

We cannot exclude the possibility of internal diversions and believe that the odds of this happening are higher than possible illegal technology transfers to Moscow. It would be almost impossible to prevent the use of the 11/780, for example, during off hours by persons not associated with the stated end user. Nuclear scientists or chemical warfare specialists, for example, could have access to the computer. We believe, however, that Iraq's nuclear program has not been hampered by a shortage of computing power, but rather by a lack of competent physicists and computer programmers as well as a shortage of fissile material. Indeed, Iraq has been using an IBM computer at the Iraqi Atomic Energy Commission since the mid 1970s. Iraq also appears to be well along in its CW program without the use of US computers.

Foreign Availability

Similar and in some cases better equipment is available in other Western countries. In 1983, France sold about \$20 million worth of computers to Iraq; Japan another \$15 million. Both countries remain eager to sell and almost certainly would step in if the US failed to make the sales. Additionally, both Italy and France have worked on the Iraqi nuclear program and most likely would provide the computing power needed, if requested.

Conclusion

We believe that there is little risk that Iraq will divert the US computers to Moscow. While the risk is somewhat higher, we also believe that internal diversions to Iraq's nuclear, CW, and weapons programs are unlikely. The risk is high, however, that Baghdad is not being completely honest about all the uses they plan for the computer. The Sperry 1100/72 slated for the Interior Ministry could be used to monitor the movement of aliens and Iraqis. The Iraqi airlines have a similar machine which could be tied to the Interior Ministry computer for the purposes of monitoring people within the country.

25X1

[REDACTED]

The Iraqis probably would agree to special conditions attached to the sale of the items--such as post shipment checks and visitations--provided the terms are not perceived as an affront to their sovereignty. The Iraqis, owing to past domination by the British, are extremely sensitive to superpower interference in their internal affairs. The US Embassy reports that the Council of Scientific Research has offered to submit to on-site visits. The Iraqis have permitted US diplomats access to their research centers. The Iraqis are likely to find controls more acceptable if couched in terms of protecting the items from clandestine diversion by the Soviets. [REDACTED]

25X1

25X1

25X1

SUBJECT: Iraq: Technology Base

Distribution:

Orig - Addressee
1 - DCI
1 - DDCI
1 - Executive Director
1 - Executive Registry
1 - DDI
1 - ADDI
1 - DDI Registry
1 - NIO/NESA
1 - OGI
1 - DDI/PES
1 - CPAS
1 - NIC/AG
1 - CPAS/IMC
1 - P&PD (via CPAS/IMC)
2 - OCR/SSG/DB
1 - OSWR Chrono
1 - OSWR/PG/PS
1 - C/SSD
1 - TTAC Chrono
2 - TTAC/TAG
1 - ACIS
1 - DDO

OSWR/TTAC/TAG/

(8 Apr 85)

25X1

25X1
25X1

25X1

Sanitized Copy Approved for Release 2010/11/17 : CIA-RDP87M00539R001702620004-7

jd
This provided
by TTAC 4/12



STAT

Sanitized Copy Approved for Release 2010/11/17 : CIA-RDP87M00539R001702620004-7



Washington, D.C. 20520

March 25, 1985

SECRET

MEMORANDUM FOR:

Chief

OSWR/TTAC
Central Intelligence AgencyFROM: INR/PMA - Robert Strand, Acting Director *R.S. 4/1/85*SUBJECT: Request for TTAC Study: Probability of Iraqi
Diversion of Sensitive US Exports

REF: Memo from DAS James A. Placke (Attached)

Deputy Assistant Secretary Placke of the Bureau of Near Eastern and South Asian Affairs has made an urgent request for a study on the probability of Iraqi diversion of sensitive US exports. He has listed specific questions that must be answered (even if the answer is no information) so that the policy community can make a final decision on several pending export cases that could have an important impact on burgeoning US-Iraq relations. Senior USG officials are now scheduled to travel to Baghdad on April 20 to discuss ways to facilitate overall US-Iraqi commerce. Failure to resolve the impending licenses could derail this mission.

I am sorry for the very short fuse and hope that you can meet this urgent request. Frank Ricciardone (632-0695), the Iraq desk officer will be the NEA point of contact and will be happy to answer any of your questions.

call for immediate pickup

*NEA/ARN
Am 6250
V. 0695*

SECRET